

**DOWNTOWN DEVELOPMENT DISTRICT
OF THE CITY OF NEW ORLEANS**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2017



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Report



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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
and Finance Committee
The Downtown Development District of
the City of New Orleans
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the "District"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The nonmajor fund financial statements and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor fund financial statements and schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor fund financial statements and the schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

June 29, 2018



**Required Supplementary
Information (Part I)**

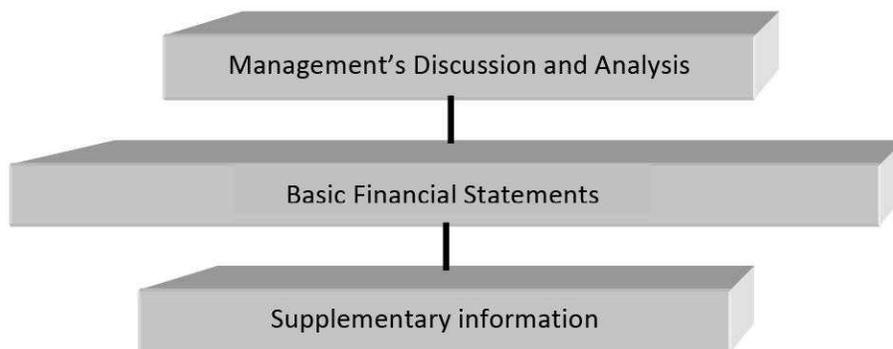
THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

This report offers readers of these financial statements an overview and analysis of the financial activities of The Downtown Development District of the City of New Orleans (the District). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the District's financial position, identify any material deviations from the approved budget documents and identify individual fund issues or concerns.

Financial Highlights

- Despite the fact that the liability for the District's series 2001 bonds, which were used for various capital improvements to the infrastructure in the vicinity of Canal Street and other areas of the District, was recorded on the District's government-wide financial statements while the resulting assets are included in the capital assets of the City of New Orleans; assets exceeded liabilities at the close of the most recent fiscal year by \$1,240,814 as outlined on the statement of net position. As of December 31, 2017, the District had a net position balance of \$1,240,814 as compared to a balance of \$569,286 as of December 31, 2016.
- The District's total net position increased by \$671,528 during 2017, as compared to an increase of \$854,791 in the prior year. The increase in 2017 net position was primarily related to an increase in property tax revenue and the early repayment of long-term debt.
- Revenues increased by \$135,351 during 2017, mainly due to an increase in property tax revenue and miscellaneous income.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,797,481 a decrease of \$823,128 from the prior year balance of \$5,620,609.

The following graphic illustrates the minimum requirements for the District established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.





THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The statement of net position presents information of all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported on an accrual basis, which requires that all changes be recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods.

The governmental activities reflect the District's basic services including public space maintenance (cleaning, sign maintenance and beautification), public safety (law enforcement, homelessness and code enforcement/quality of life), public safety rangers (public safety assistance and pedestrian and tourism information), marketing (special events, advertising, public relations, communications), economic development (real estate development facilitation, revitalization and business retention), and capital improvements (pedestrian signage, sidewalk replacement reimbursements, facade improvement and transportation). These services are financed primarily with property tax assessments and bonding (debt services) activities.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District has presented the general and the debt service funds as major funds. The other governmental fund is the blended component unit (Downtown Development Unlimited) of the District.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis of the District

Statement of Net Position
As of December 31, 2017 and 2016

	2017	2016	\$ Variance	% Variance
Assets:				
Current and other assets	\$ 5,255,177	\$ 5,970,447	\$ (715,270)	(12.0)%
Capital assets, net	108,226	129,299	(21,073)	(16.3)
Total assets	5,363,403	6,099,746	(736,343)	(12.1)
Liabilities:				
Current liabilities	877,589	853,897	23,692	2.8
Long-term liabilities	3,245,000	4,676,609	(1,431,609)	(30.6)
Total liabilities	4,122,589	5,530,506	(1,407,917)	(25.5)
Net position:				
Invested in capital assets, net	108,226	129,299	(21,073)	(16.3)
Reserved for debt service	231,071	258,498	(27,427)	(10.6)
Unrestricted	901,517	181,489	720,028	396.7
Total net position	\$ 1,240,814	\$ 569,286	\$ 671,528	118.0%

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The District's total assets decreased by \$715,316, which was the result of early repayment of long-term debt, and a surplus in current year operations. Total liabilities decreased by \$1,422,717 due to continued payments on the District's outstanding long-term debt.

Statement of Activities
For the years ended December 31, 2017 and 2016

	2017	2016	\$ Variance	% Variance
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 171,004	\$ 125,603	\$ 45,400	36.1%
General revenues:				
Ad valorem taxes	7,212,367	7,133,304	79,063	1.1
Interest income	35,352	25,822	9,529	36.9
Gain on disposal of assets	50	12,000	(11,950)	(99.6)
Total revenues	7,418,773	7,296,729	121,993	1.7
Expenses				
Administration	1,044,673	1,006,603	38,070	3.8
Communication and events	653,262	709,100	(55,838)	(7.9)
Economic development	706,127	515,190	190,937	37.1
Public space operations	2,431,859	2,424,178	(7,681)	(0.3)
Public safety	1,754,345	1,613,473	140,872	8.7
Interest on long-term debt	156,979	173,394	(16,415)	(9.5)
Total expenses	6,747,245	6,441,938	305,307	4.7
Change in net position	671,528	854,791	(183,263)	(21.4)
Net position, beginning of year	569,286	(285,505)	854,791	299.4
Net position, end of year	\$ 1,240,814	\$ 569,286	\$ 671,528	118.0%

The largest source of revenue for the District was ad valorem (property) taxes. The largest source of internal revenues were the Downtown NOLA Awards and the Home for the Holidays events, which increased by \$1,665 compared to 2016. The largest increases in internal revenues occurred in banner deposits up \$9,964, and Public Space Miscellaneous up \$38,070 for the streetcar shelters cleaning.

There were increases in expenses in all Departments, except Communications. The variance in Administration was due to a reduction in Insurance (\$13,611) and increases in Legal Services (\$57,530), Office Rent (\$13,709) and Travel (\$7,819). Economic Development increased due to increase in number of Pedestrian counting cameras (\$15,814), Façade Improvements (\$121,000) and Sponsorships (44,344). The increase in Public Safety was a result of additional expenditures for



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

NOPD Detail Officers (\$15,245), private security detail (\$120,985) and Public Safety Rangers (\$87,979). The increase in Public Space operations primarily resulted from additional expenditures in Holiday Lighting up to Claiborne Avenue (\$72,188) Sidewalk Cleaning (\$48,924), and a reduction in Sidewalk Improvement Reimbursements (-\$49,987).

Capital Assets and Debt Administration

Capital Assets

At December 31, 2017 and 2016, the District had \$108,226 and \$129,299, respectively, invested in capital assets, net of accumulated depreciation consisting principally of office equipment and leasehold improvements. See page 26 of the notes to the financial statements for a detail composition of capital assets.

Long-term Debt

At December 31, 2017, the District had total bond debt outstanding of \$3,245,000 compared with \$3,935,000 at December 31, 2016. Principal paid on the 2012 Series bonds during 2017 and 2016 was \$345,000 and \$330,000, respectively. See pages 26-28 of the notes to the financial statements for a description of outstanding long-term debt.

The portion of the District's net position that are invested in capital assets, less any related debt used to acquire those assets that are still outstanding was \$108,226 as of December 31, 2017. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are restricted for debt service. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

General Fund Budgetary Highlights

The final budget and actual comparisons is on page 32. The final budget variance as compared to the actual balance was an increase of \$566,126. This positive variance is primarily due to an increase in property tax revenue and deferral of budgeted district-wide capital improvement.

There was no Federal grant revenue during 2017 due to the completion of the District's Economic Development Assistance Grant and final settlement with FEMA for Katrina related expenses during 2014.

In total, actual operating expenditures were \$135,412 less than the final budget amounts.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget

There are several uncertainties relative to the collection and reporting of ad valorem taxes to the District by the City of New Orleans. Of significant concern is the amount of adjustments and refunds processed by the City of New Orleans each year that are not reported to the District timely. The District will continue to budget property tax revenue with the latest information available from the City of New Orleans. The District has increased its budget for ad valorem taxes by \$262,000 over the 2017 final budget in 2018. Management expects sufficient revenues to allow for addressing its primary objectives.

In 2018, the District's work plan reflects an increase in spending of \$738,144. This increase includes increases in police and private detail officers, low barrier shelter operations, holiday lighting, pedestrian traffic count analysis system, office rent, and legal services.

Significant Events

Downtown New Orleans saw strong and continued economic and real estate development activity throughout 2017. Total construction permits in 2017 increased year over year by twenty-six percent (26%) to \$420 million with the South Market District's ongoing conversion of surface parking lots to upscale residential and retail properties leading the way in new construction.

Primary real estate development activity was led by the creation of 594 new hotel rooms either delivered or under development at year-end, mostly the adaptive re-use of older Class B buildings. Multi family residential growth continued 2016's gain of 315 units with the addition of an additional 160 units in 2017.

New retail and restaurant openings in the District in 2017 included prominent brands such as M.A.C. Cosmetics, Poke Loa and Dave & Busters.

The growth of new industry sectors Downtown continued in 2017 with the commitment by DXC Technologies to the creation of 2,000 jobs Downtown over seven years. The company has leased 10 floors on Poydras Street, in the busy CBD office corridor, and plans to hire 300 staffers by the end of 2018.

Tourism business continued its growth with the industry reporting 17.4 million visitors in 2017 spending \$8.7 billion in New Orleans. This represents the highest visitor spending in the City's history.

The DDD continued its efforts to enhance the quality of life Downtown, led by its parks & open space initiatives. The DDD conducted extensive community outreach in 2017, continued into 2018, to secure stakeholder input into the redevelopment of Duncan Plaza into a high quality park serving the needs of the Downtown and Citywide communities. The DDD contracted with one of the



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS MANAGEMENT'S DISCUSSION AND ANALYSIS

nation's leading landscape architecture firms and the designer of several award-winning urban parks to begin the re-design of Duncan Plaza. The DDD has developed a plan to seek private stakeholder funding for both the capital and operating funding.

Progress continued on Legacy Park as well, a joint venture with the International High School of New Orleans (IHSNO), the Orleans Parish School Board, and the Recovery School District, with additional partnerships with the American Society of Landscape Architects – Louisiana (ASLA-LA) and others. Notable in 2017, the DDD signed a cooperative endeavor agreement with the Trust of Public Land to manage the development of the park, including fundraising for construction. Legacy Park will provide outdoor teaching and recreation space for ISHNO and Downtown's first playground for young children, responding to a growing demand for amenities that cater to families with children, a growing Downtown demographic.

Duncan Plaza and Legacy Park will be the first steps in a multi-year initiative to plan & build a system of parks & open space Downtown to serve the needs of Downtown residents, the Downtown workforce, citywide residents, and visitors. Anticipated elements of the system include playgrounds, dog runs, water features, pocket parks, storm water retention, park-like features in the right of way, and private green space.

The DDD also developed concept plans for the re-use of the former Veterans Affairs Medical Center, demonstrating how the redevelopment of this site can help advance the redevelopment of the former Charity Hospital adjacent to it. The DDD worked closely with the Louisiana State University Facilities Foundation, which planned and financed a successful Urban Land Institute Advisory Services Panel that developed recommendations for a process to put this historic structure into productive use once again. It is expected that pursuant to these recommendations, in 2018 a developer for the property will be selected and a community-informed plan for the redevelopment of the surrounding neighborhood will be adopted.

In 2017 the design of the city's new 100 bed low barrier homeless shelter, a project initiated by the DDD in 2014, was completed. The City awarded the construction contract, and construction commenced early in 2018 on the \$2.5 million Shelter and Engagement Center. The City, with DDD involvement, selected the non-profit Start Corp. to operate the facility. Start has extensive experience operating facilities and programs to transition homeless individuals to housing. The City, DDD, and the New Orleans Ernest N. Morial Convention Center have committed respectively up to \$750,000, \$500,000, and \$250,000 annually for five (5) years to fund shelter operations.

Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the administration at 201 St. Charles Avenue, Suite 3912, New Orleans, Louisiana 70170-3912 or 504-561-8927.



Financial Statements

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017

Assets

Current Assets

Unrestricted:

Cash and cash equivalents	\$ 4,297,096
Ad valorem taxes receivable, net	504,498
Other receivables	103,515
Prepaid expense	118,997

Total unrestricted current assets	5,024,106
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Restricted:

Cash and cash equivalents	231,071
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Total restricted current assets	231,071
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Total current assets	5,255,177
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Noncurrent Assets

Capital assets, net of accumulated depreciation	108,226
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Total noncurrent assets	108,226
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Total Assets	\$ 5,363,403
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Liabilities and Net Position

Current Liabilities

Accounts payable and current liabilities	\$ 457,696
Compensated absences payable	74,893
Bonds payable, current portion	345,000

Total Current Liabilities	877,589
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Noncurrent Liabilities

Bonds payable, noncurrent portion	3,245,000
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Total Noncurrent Liabilities	3,245,000
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Total Liabilities	4,122,589
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Net Position

Net investment in capital assets	108,226
Restricted for debt service	231,071
Unrestricted	901,517

Total Net Position	1,240,814
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Total Liabilities and Net Position	\$ 5,363,403
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The accompanying notes are an integral part of this financial statement.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Change in Net
Governmental Activities					
Administration	\$ 1,044,673	\$ -	\$ 30,075	\$ -	\$ (1,014,598)
Communication and events	653,262	-	92,065	-	(561,197)
Economic development	706,127	-	-	-	(706,127)
Public space operations	2,431,859	-	48,864	-	(2,382,995)
Public safety	1,754,345	-	-	-	(1,754,345)
Interest on long-term debt	156,979	-	-	-	(156,979)
Total Governmental Activities	\$ 6,747,245	\$ -	\$ 171,004	\$ -	(6,576,241)
General Revenues					
Ad valorem taxes					7,212,367
Interest income					35,352
Gain on disposal of assets					50
Total General Revenues					7,247,769
Change in Net Position					671,528
Net Position - Beginning of year					569,286
Net Position - End of year					\$ 1,240,814

The accompanying notes are an integral part of this financial statement.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2017

	General Fund	Debt Service	Nonmajor Governmental Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,249,055	\$ -	\$ 5,113	\$ 1,254,168
Cash and cash equivalents held by the Board of Liquidation, unrestricted	3,042,928	-	-	3,042,928
Cash and cash equivalents held by the Board of Liquidation, restricted	-	231,071	-	231,071
Ad valorem taxes, net of allowance	504,498	-	-	504,498
Other receivables	103,515	-	-	103,515
Prepaid expenses	118,997	-	-	118,997
Total Assets	\$ 5,018,993	\$ 231,071	\$ 5,113	\$ 5,255,177
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 457,696	\$ -	\$ -	\$ 457,696
Total Liabilities	457,696	-	-	457,696
Fund Balances				
Nonspendable	118,997	-	-	118,997
Restricted for debt service	-	231,071	-	231,071
Unassigned	4,442,300	-	5,113	4,447,413
Total Fund Balances	4,561,297	231,071	5,113	4,797,481
Total Liabilities and Fund Balances	\$ 5,018,993	\$ 231,071	\$ 5,113	\$ 5,255,177

The accompanying notes are an integral part of this financial statement.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017**

Total Fund Balances at December 31, 2017 - Governmental Funds	\$ 4,797,481
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.

Cost of capital assets	601,367	
Less accumulated depreciation	(493,141)	
	108,226	108,226

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.

Compensated absences	(74,893)	
Bonds payable	(3,590,000)	
	(3,664,893)	(3,664,893)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,240,814
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The accompanying notes are an integral part of this financial statement.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes - net	\$ 7,212,367	\$ -	\$ -	\$ 7,212,367
Interest income	35,352	-	-	35,352
Other	166,003	-	5,000	171,003
Total Revenues	7,413,722	-	5,000	7,418,722
Expenditures				
Current:				
Administration	1,027,797	-	240	1,028,037
Communication and events	645,025	-	5,000	650,025
Public space operations	2,419,810	-	-	2,419,810
Public safety	1,745,653	-	-	1,745,653
Economic development	702,628	-	-	702,628
Capital outlays	11,529	-	-	11,529
Debt service:				
Principal payments	-	1,527,189	-	1,527,189
Interest on long-term debt	-	156,979	-	156,979
Total Expenditures	6,552,442	1,684,168	5,240	8,241,850
Excess (Deficiency) of Revenues Over Expenditures	861,280	(1,684,168)	(240)	(823,128)
Other Financing Sources (Uses)				
Operating transfer in	-	1,656,741	-	1,656,741
Operating transfer out	(1,656,741)	-	-	(1,656,741)
Total Other Financing Sources (Uses)	(1,656,741)	1,656,741	-	-
NET CHANGE IN FUND BALANCES	(795,461)	(27,427)	(240)	(823,128)
Fund Balances – Beginning of year	5,356,758	258,498	5,353	5,620,609
Fund Balances – End of year	\$ 4,561,297	\$ 231,071	\$ 5,113	\$ 4,797,481

The accompanying notes are an integral part of this financial statement.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Total net change in fund balances - governmental funds	\$ (823,128)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.

Capital outlays capitalized	11,529	
Depreciation expense	(32,653)	
	(21,124)	(21,124)

In the Statement of Activities, the gain on the disposal of capital assets is reported, whereas in the governmental funds, the value received from the trade-in is not a current financial resource. 50

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the long-term debt consumes the current financial resources of governmental funds. These transactions have no effect on net position.

Principal portion of debt service payments	345,000	
Payoff of Cooperative Endeavor Agreement	1,182,189	
	1,527,189	1,527,189

Compensated absence expenses are reported in the Statement of Activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences		(11,459)
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Change in net position of governmental activities	\$ 671,528
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The accompanying notes are an integral part of this financial statement.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Act 498 of 1974 as amended and reenacted by Act 124 of 1977 of the State of Louisiana Legislature effective January 1, 1975, created a special taxing district designated “the Core Area Development District of the City of New Orleans”, comprised of all the territory within the following prescribed boundaries:

The point of beginning shall be at the intersection of the east bank of the Mississippi River and the Mississippi River Bridge approaches and Pontchartrain Expressway; thence continuing along the upper line of the Pontchartrain Expressway right-of-way less and except ramp areas, and in a northwesterly direction to Lake Pontchartrain side of said right-of-way line of Claiborne Avenue to the lower right-of-way of Iberville Street to the east bank of said to the upper right-of-way line of the Mississippi River Bridge approaches and Pontchartrain Expressway, being the point of beginning.

Act 307 of the State of Louisiana Legislature effective July 10, 1978, changed the name of the District to The Downtown Development District of the City of New Orleans.

Acts 498 and 124 also created a Board of Commissioners for the Downtown Development District of the City of New Orleans (the District) composed of eleven members for governance of the District.

The Reporting Entity

Governmental accounting standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government who is financially accountable to another government or one for which another government can exert influence over its budget and operations. The District is considered to be a component unit of the City of New Orleans. As such, the financial statements of the District are included in the financial statements of the City of New Orleans (the “City”).

In addition, the financial reporting entity consists of the District and its blended component unit. A blended component unit is a legally separate organization for which the District is financially accountable. Financial accountability is present if the District appoints a voting majority of a component unit’s governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Unit

The Downtown Development Unlimited (DDU), a 501(c)(3) non-profit corporation without capital stock is blended with the District for financial statement purposes because the component unit exclusively serves the District. The financial statements of this blended component unit may be obtained from the District's office.

This corporation was organized for and to carry on the following purposes: To establish a permanent promotional program pointed towards a progressive and dynamic central downtown New Orleans; to preserve and expand central downtown New Orleans as a regional business and shopping area for the general benefit of the metropolitan area of New Orleans, and its surrounding markets; to cooperate with all members of the corporation through group action on common problems, and to cooperate with the City Council of the City of New Orleans, other governmental bodies, civic organizations, and other interested groups or individuals, in solving the civic, business and commercial problems of the City of New Orleans, to alleviate parking problems and other problems resulting from congestion; to improve the appearance of the central downtown area; and generally to promote, aid and assist in developing a better central downtown New Orleans for the use and benefit of everyone.

Basic Financial Statements – Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Basic Financial Statements – Fund Financial Statements

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Funds are ordered into three major categories: governmental, proprietary, and fiduciary, which are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The capital projects fund is used to account for transactions relating to resources retained and used for development of the District. The general fund, the main operating fund of the District, is used to account for all remaining financial resources.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Budget and Budgetary Accounting

The District follows the procedures prescribed by Act 478 as amended by the State of Louisiana Legislature effective January 1, 1997. Relevant portions of these procedures are:

- The Board of Commissioners of the District shall prepare, or cause to be prepared, a plan or plans specifying the public improvements, facilities and services proposed to be furnished, constructed or acquired for the District.
- Any plan shall include: (a) an estimate of the annual and aggregate cost of acquiring, constructing, or providing the services, improvements, or facilities set forth therein; (b) the proportion of tax to be levied on the taxable real property within the District which is to be set aside and dedicated to pay the cost of furnishing specified services, and the proportion of such tax to be set aside and dedicated to pay the cost of capital improvements or pay the cost of debt service on any bonds to be issued to pay the cost of capital improvements; and (c) an estimate of the aggregate number of mills required to be levied in each year on the taxable real property within the District to provide the funds required for implementation of the plan.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget and Budgetary Accounting (Continued)

- After completion, the plan shall be submitted to the Planning Commission of the City of New Orleans for review. The Planning Commission must submit the plan to the City Council within thirty (30) days of receipt thereof, together with its written comments and recommendations.
- The City Council may by a majority of its members accept or reject the plan based upon its consistency with the City's overall plan. If accepted, the plan may be implemented.
- Upon acceptance, the plan budget and the appropriated funds for its implementation are incorporated by the City of New Orleans into its normal budget process. Under this process, appropriations for the District's "Service" operations (operating budget) expire at year end, except for amounts the City has encumbered on behalf of the District. Such amounts are carried forward until they are cleared. Appropriations for capital outlays (capital budget) continue in force until the project is completed or cancelled normally and the City Council passes an ordinance of resolution to close.

The District, through ordinances approved by the City Council, can amend the budget at its discretion.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term, highly liquid investments (including certificates of deposit) with original maturity dates of three months or less when purchased.

Investments

Investments are limited by LA R.S. 33:2955 and the District's investment policy. LA R.S. 33:2955 authorizes the District to invest in (1) direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, (2) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, (3) direct security repurchase agreements of any federal book entry only securities, (4) time certificates of deposits of state banks organized under the laws of Louisiana, savings accounts or shares of savings and loan associates, (5) mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies, or (6) guaranteed investment contracts issued by a bank, financial institution, insurance company or other entity having one of the two highest short-term rating categories of either Standard & Poor's Corporation or Moody's Investors Service, provided that no such investment may be made except in connection with a financial program approved by the State Bond Commission.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board (GASB) Codification Section 150: *Investments*.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated uncollectible amounts were determined to be property tax receivable balances over five years old based on historical experience rates. The allowance for uncollectible ad valorem taxes receivable was \$257,083 at December 31, 2017.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund level financial statements.

Capital Assets

The District's capitalization policy requires that all single assets costing \$500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$500 are expensed. All assets regardless of costs are tracked by the District.

The straight-line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the nearest month of the year in which the capital asset is purchased. Based on its own experience, the District established the following estimated useful lives for each asset class:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Public Works	5-7 years
Motor Vehicles	5 years
Computer Equipment	3-5 years
Office Equipment	7 years
Office Furniture and Fixtures	7 years
Promotional Equipment	5 years
Computer Software	3 years

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenditures.

The proceeds from the Series 2001 bonds were used for various capital improvements to the infrastructure in the vicinity of Canal Street and other areas within the District. These improvements are included in the capital assets of the City of New Orleans. The 2001 series was refunded in 2012 and a new 2012 series was issued.

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund level financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized in the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

While paid time off is accrued when earned for government-wide financial statements, it is recognized when paid in the governmental fund financial statements. Compensated absences are paid by the general fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from the estimates that were used.

Employee Benefits

The District has a defined contribution retirement plan and group life insurance for its employees. The contributions to the retirement plan are discretionary. These benefits are recognized when paid.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

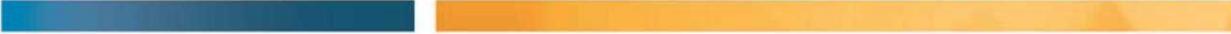
In fund level financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – consists of amounts with constraints either by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used for the specific purposes stipulated in the legislation.
- *Committed* – consists of the amounts used for specific purposes pursuant to constraints imposed by formal action of the District’s Board. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) are available for use.

The District did not have any committed or assigned amounts as of December 31, 2017.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

The District's management is currently evaluating the impact of the following pronouncements issued by the GASB, which will be implemented in future years.

In June 2017, the GASB issued Statement No. 87 - Leases. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

In April 2018, the GASB issued Statement No. 88 - Certain Disclosures Related to Debt. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

NOTE 2 – PROPERTY TAXES

On November 17, 1975, the City obtained approval in a referendum for an additional 6 1/2 mills ad valorem tax on property within the District for the calendar years 1976 and 1977.

On October 1, 1977, the City obtained approval in a referendum to authorize the Council of the City of New Orleans to levy provisions of the Louisiana Constitution of 1974 and Subsection 1.1 of Louisiana Act No. 124 of 1977 upon all taxable real property for ten years for special improvements, facilities, services and the issuance of bonds as provided in the said Act, and to ratify the establishment of the District.

On April 7, 2001, pursuant to the Special Election held in accordance with Article VII, Section 23(c) of the 1974 Louisiana Constitution, the registered voters of the City of New Orleans approved the continued authority of the District to levy a property tax not to exceed 22.97 mills for an additional twenty five (25) years beginning with the year 2005 and ending with the year 2029.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – PROPERTY TAXES (Continued)

In accordance with the State Constitution, the District will maintain its mills on real property at 21.32 mills. Collection has been suspended at 14.76 mills for the year ended December 31, 2017. The District levied 14.76 mills on real property within its area for 2017. Taxes on real property are levied on January 1 and payable on January 1. Billings are delinquent February 1 and are subject to lien and the assessment of penalties and interest. Property taxes levied for 2017, collected during 2017, or expected to be collected in 2017 are recognized as revenue in 2017. Taxes levied for 2018, but collected in 2017, are reflected as unearned revenue.

All property taxes are levied and collected by the City of New Orleans. Taxes collected, and any interests thereon, are to be deposited with the Board of Liquidation to the account of the District.

Certain property owners made tax payments under protest which had not been resolved as of December 31, 2017, in the amount of \$747,808. As of December 31, 2017, these funds are held in escrow by the City of New Orleans.

NOTE 3 – LEVY OF TAX ASSESSMENT

According to LA R.S. 47:1957, there is no express limitation on an assessor's ability to retroactively revise or adjust past assessments. As such, a tax assessor may revise or adjust past assessments for as many past years as his/her discretion dictates. To that extent, the ad valorem tax revenue for the District will always be subject to retroactive adjustments in the current year.

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of December 31, 2017:

		Amount
Demand deposits	\$	1,134,904
Money market accounts		3,392,963
Cash on hand		300
Total cash and cash equivalents	\$	4,528,167

Restricted Cash and Cash Equivalents

At December 31, 2017, the Board of Liquidation, as fiscal agent of the District, held on their behalf cash and money market accounts in the amount of \$3,273,999. Of this amount, \$231,071 was restricted for debt service obligations.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under state law, all deposits are to be secured by federal depository insurance or the pledge of securities held by the pledging bank's agent in the District's name. As of December 31, 2017, demand deposits and money market account bank balances of \$1,527,528 were entirely secured by federal deposit insurance of \$250,000 and pledged securities held by a financial institution in the name of the District of \$1,526,967. Cash and money market accounts held by the Board of Liquidation in the amount of \$3,273,999 were fully covered by pledged securities held by financial institutions in the name of the Board of Liquidation, acting as fiscal agent for the District.

NOTE 5 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017 for the primary government are as follows:

	January 1, 2017	Additions	Deletions	December 31, 2017
Office furniture	\$ 149,141	\$ -	\$ -	\$ 149,141
Computer equipment	121,888	6,379	-	128,266
Leasehold improvements	198,217	-	-	198,217
Office equipment	32,314	-	-	32,314
Motor vehicles	65,555	-	-	65,555
Public works property	22,673	5,200	-	27,874
Subtotal	589,788	11,579	-	601,367
Less: Accumulated depreciation	(460,488)	(32,653)	-	(493,141)
Total	\$ 129,300	\$ (21,074)	\$ -	\$ 108,226

Depreciation expense was charged to functions as follows:

Function	Amount
Administration	\$ 5,188
Communications and events	3,244
Economic development	3,507
Public space operations	12,002
Public safety	8,712
Total	\$ 32,653

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2017:

	January 1, 2017	Additions	Payments	Retirements	December 31, 2017	Current Portion
DDD Limited Tax Bonds Series 2012	\$ 3,935,000	\$ -	\$ (345,000)	\$ -	\$ 3,590,000	\$ 350,000
Cooperative Endeavor Agreement	1,182,189	-	-	(1,182,189)	-	-
Total	\$ 5,117,189	\$ -	\$ (345,000)	\$(1,182,189)	\$ 3,590,000	\$ 350,000

Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Total interest expense incurred for the year ended December 31, 2017 was \$156,979.

Bonds

On June 13, 2012, the District issued \$5,485,000 of Limited Tax Refunding Bonds, Series 2012 for the purpose of refunding the Limited Tax Bonds, Series 2001. The bonds mature December 1, 2026 and bear a fixed interest rate of 2.68%. At December 31, 2017, \$3,590,000 of the bonds was outstanding.

Interest rates on the Series 2001 bonds ranged from 4.2% to 6.6%, whereas the interest rate on the Series 2012 bonds is fixed at 2.68%. The refunding resulted in a reduction of debt service payments in the amount of \$1,114,502 through the maturity of the bonds in December 2026.

Payment of principal and interest on the Series 2012 bonds will be solely from and secured by an irrevocable pledge and dedication of the proceeds derived from the levy and collection of taxes upon all taxable real property located within the boundaries of the District. At December 31, 2017, the Board of Liquidation, City Debt has \$231,071 on the Series 2012 bonds held in escrow for the payment of future debt service in connection with the bonds issued.

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize principal and interest on bonds outstanding at December 31, 2017 are as follows:

Year Ending	Principal Payments	Interest Payments	Total
2018	\$ 350,000	\$ 96,212	\$ 446,212
2019	365,000	86,832	451,832
2020	370,000	77,050	447,050
2021	385,000	67,134	452,134
2022	400,000	56,816	456,816
Thereafter	1,720,000	116,982	1,836,982
Totals	\$ 3,590,000	\$ 501,026	\$ 4,091,026

Cooperative Endeavor Agreement - State of Louisiana

On July 19, 2006, the District and the State of Louisiana entered into a Cooperative Endeavor Agreement whereby the State, through the Gulf Opportunity Zone Act of 2005 and its implementation through Act 41 of the Louisiana Legislature, provided debt assistance in the amount of \$1,600,153 related to the Limited Tax Bonds, series 2001. The debt assistance was due to the disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. The agreement matures in twenty years with no principal or interest due during the first five years of the loan. After the expiration of the initial five-year period, principal and interest at a rate of 4.64% will be repaid semi-annually over the remaining fifteen-year period. On June 23, 2017, the cooperative endeavor agreement was paid off early in the amount of \$1,206,282, of which \$1,182,189 was principal and \$24,093 was interest.

NOTE 7 – COMPENSATED ABSENCES

Employees generally receive paid time off (PTO), which can be used for vacation or for sick leave, at the following levels: full-time employees employed six through twelve months receive fifteen (15) days, full-time employees employed one through five years receive twenty (20) days; full-time employees employed six through ten years receive twenty-five (25) days; full-time employees employed eleven years through nineteen years receive thirty (30) days; and full-time employees employed for twenty or more years receive forty (40) days. All earned PTO pay is fully vested. PTO can be accumulated and carried forward up to twenty (20) days each year end.

Compensated absence activity for the year ended December 31, 2017 was as follows:

	Amount
Beginning Balance	\$ 63,433
Additions	147,817
Reductions	(136,357)
Ending Balance	\$ 74,893



THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS NOTES TO FINANCIAL STATEMENTS

NOTE 8 – INTERFUND TRANSFERS

Transfers are used to move funds from the general fund to the debt service fund to maintain necessary balances with bond covenants. During 2017, the general fund transferred out \$1,656,741 to the debt service fund to satisfy debt covenants and for the early payoff of the cooperative endeavor agreement.

NOTE 9 – EMPLOYEE RETIREMENT PLAN AND WHOLE LIFE INSURANCE

Retirement Plan

In 1993, the District established a defined contribution retirement plan for its employees.

Effective January 1, 2012, the District contributes 3% of eligible employees' salaries, regardless of any contribution from employees. The District also matches 3% of employee voluntary contributions, limited to 3% of the employee's salary. All full-time employees twenty-one years of age and over are eligible to participate in the plan. The plan's effective date was January 1, 1993. All contributions made to the plan are the property of the plan and the participating employees. Management of the plan's assets includes the ability to establish and amend plan provisions and any costs related to its operations, and is the sole responsibility of the Trustee(s) and the Administrator of the Downtown Development District Employee Retirement Trust - Federal EIN 72-1241070. The District's contribution to the plan in 2017 was \$65,644 which was paid to American United Life for deposit with designated fund agencies who are to manage the investment of the plan's assets.

Life Insurance

In conjunction with the development of the above retirement plan, but not a part of that plan, the District, in 1993, established an additional benefit in the form of whole life insurance policies for each of its employees. The amount of insurance provided to each employee is \$200,000. The insurance policies are purchased in the name of and owned by each employee. Monthly premiums are paid by the District to Lincoln National Life. Premiums paid in 2017 by the District for these employee policies totaled \$25,047.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – COMMITMENTS

Operating Leases

The District leases office space at 201 St. Charles Avenue. The lease commenced in April 2006 and expires in March 2021. Future minimum rental payments are as follows:

Year Ending	Amount
2018	\$ 143,412
2019	144,362
2020	144,362
2021	36,091
Total	\$ 468,227

Total expenditures for rental of office space were \$157,025 during the year ended December 31, 2017.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and material disasters for which the District carries errors and omissions and natural disaster commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 12 – CONTINGENCIES

The District is a defendant in various lawsuits such as personal injury, property damage, and other employer related claims. These claims are covered by insurance subject to a deductible per occurrence. Attorneys of the District have reviewed these claims and lawsuits to evaluate the likelihood of an unfavorable outcome to the District. Loss contingencies have been estimated to be immaterial. Therefore, no accrual has been recorded in these financial statements.

NOTE 13 – LITIGATION - AD VALOREM TAX WITHHELD

As of December 31, 2017, the City of New Orleans has withheld more than \$398,786 of property taxes collected on behalf of the District, and made use of the funds for the purpose of funding various State retirement systems. The State Attorney General has opined and the State Supreme Court has ruled that proceeds from the District's ad valorem tax can only be used for public improvements, facilities and services, and debt service on bonds of the City issued for capital improvements and facilities within the District. The DDD has filed suit against the City, which it is currently in settlement negotiations with, but Management is not able to determine what the outcome of litigation will be or when the City will remit funds to the District. Accordingly, a receivable has not been recorded as of December 31, 2017.



**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 – REVENUE CONCENTRATION

The District's current principal source of revenue consists mainly of property taxes assessed.

NOTE 15 – PER DIEM PAID TO BOARD OF COMMISSIONERS

The Board of Commissioners in the capacity as board members received no per diem amounts for the year ended December 31, 2017.

NOTE 16 – TAX ABATEMENTS

The City of New Orleans (the City) negotiates property tax abatement agreements on behalf of the City and its component units. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The District, through the City, has tax abatement agreements with twenty commercial entities participating in the Restoration Tax Abatement (RTA) program as of December 31, 2017.

The RTA projects have property assessed at \$424,384,358 with exempt taxes attributable to the District of \$457,789 for the year ended December 31, 2017 and \$1,425,248 throughout the duration of the agreements. The tax abatements are provided through discounted rates applied to the District's 14.76 mills over the five year RTA contract period.

The City has not made any commitments as part of the agreements other than to reduce taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities, except for those entered into by the City.



**Required Supplementary
Information (Part II)**

THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance
Operating Revenues				
Internal sources (events, state, federal, etc.)	\$ 156,000	\$ 194,861	\$ 166,003	\$ (28,858)
Ad valorem taxes - net	7,345,060	7,317,859	7,212,367	(105,492)
Total revenues	7,501,060	7,512,720	7,378,370	(134,350)
Expenditures				
Administration	1,024,061	1,046,923	1,027,797	19,126
Communication and events	591,009	613,796	645,025	(31,229)
Public space operations	2,528,300	2,497,720	2,419,810	77,910
Public safety	2,105,796	1,769,716	1,745,653	24,063
Economic development	660,826	746,418	702,628	43,790
Capital outlays	15,000	13,281	11,529	1,752
Total expenditures	6,924,992	6,687,854	6,552,442	135,412
Net Operating Income	576,068	824,866	825,928	1,062
Non-Operating Revenue				
Interest	300	288	35,352	35,064
Total non-operating revenue	300	288	35,352	35,064
Non-Operating Expenses				
District-wide capital improvements	2,500,000	530,000	-	530,000
Total non-operating expenses	2,500,000	530,000	-	530,000
Excess (deficit) of revenue over expenditures before other financing uses	(1,923,632)	295,154	861,280	566,126
Operating transfers out	(1,656,741)	(1,656,741)	(1,656,741)	-
Net change in fund balance	(3,580,373)	(1,361,587)	(795,461)	566,126
Fund Balance – Beginning of year	5,356,758	5,356,758	5,356,758	-
Fund Balance – End of year	\$ 1,776,385	\$ 3,995,171	\$ 4,561,297	\$ 566,126

See independent auditors' report.



**Other Supplementary
Information**

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NONMAJOR GOVERNMENTAL FUND
BALANCE SHEET - SPECIAL REVENUE FUND
AS OF DECEMBER 31, 2017**

	Downtown Development Unlimited
<hr/>	
Assets	
Cash and cash equivalents	\$ 5,113
<hr/>	
Total Assets	\$ 5,113
<hr/> <hr/>	
Fund Balance	
Unassigned	\$ 5,113
<hr/>	
Total Fund Balance	\$ 5,113
<hr/> <hr/>	

See independent auditors' report.

**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
NONMAJOR GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Downtown Development Unlimited
<hr/>	
Revenues	
Other	\$ 5,000
<hr/>	
Total Revenues	5,000
<hr/>	
Expenditures	
Current:	
Administration	240
Communication and events	5,000
<hr/>	
Total Expenditures	5,240
<hr/>	
Excess (Deficiency) of Revenues Over Expenditures	(240)
Other Financing Sources (Uses)	
Operating transfer in	-
Operating transfer out	-
<hr/>	
Total Other Financing Sources (Uses)	-
<hr/>	
NET CHANGE IN FUND BALANCE	(240)
Fund Balance – Beginning of year	5,353
<hr/>	
Fund Balance – End of year	\$ 5,113
<hr/> <hr/>	

See independent auditors' report.

**DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017**

Agency Head Name: Kurt M. Weigle, President & CEO

<i>Purpose</i>	<i>Amount</i>
Salary	\$ 195,871
Benefits - Health Insurance	11,028
Benefits - Retirement	11,087
Benefits - Parking	900
Mileage Reimbursement	90
Parking Reimbursements	31
Cell Phone	969
Meals & Entertainment	161
Travel	91
Registration Fees	-
Conference Travel	-
Professional Development	-
Other	-
Total	\$ 220,228

See independent auditors' report.



**Reports Required By
*Government Auditing
Standards***



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners and
Finance Committee
The Downtown Development District of the
City of New Orleans
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downtown Development District of the City of New Orleans (the District), a component unit of the City of New Orleans, as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Cary Riggs & Ingram, L.L.C.

June 29, 2018



**THE DOWNTOWN DEVELOPMENT DISTRICT OF THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None noted.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Board of Commissioners
and Finance Committee of the Downtown
Development District of the City of New Orleans
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Members of the Board of Commissioners and Finance Committee of the Downtown Development District of the City of New Orleans (the "District") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period January 1, 2017 through December 31, 2017. The District is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtained the District's written policies and procedures and observed that those written policies and procedures address each of the following financial/business functions:

a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions were found as a result of applying the procedure.

b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: No exceptions were found as a result of applying the procedure.

c) *Disbursements*, including processing, reviewing, and approving.

Results: No exceptions were found as a result of applying the procedure.

d) *Receipts*, including receiving, recording, and preparing deposit.

Results: No exceptions were found as a result of applying the procedure.

e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: No exceptions were found as a result of applying the procedure.

f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: No exceptions were found as a result of applying the procedure.

g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

Results: No exceptions were found as a result of applying the procedure.

h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were found as a result of applying the procedure.

i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.

Results: No exceptions were found as a result of applying the procedure.

j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: No exceptions were found as a result of applying the procedure.

Board

2. Obtained and inspected the board minutes for the fiscal period and the Board's charter in effect during the fiscal period, and:

a) Observed that the managing board met (with a quorum) at least twice monthly, in accordance with the Board's charter.

Results: No exceptions were found as a result of applying the procedure.

b) Observed that the minutes obtained and inspected in a) above either referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the District's prior audit (GAAP-basis).

- 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, observed that there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, observed that the meeting minutes for at least one board meeting during the fiscal period reflected that the board is monitoring the plan.

Results: The Board minutes did not reference or include monthly budget-to-actual comparisons.

- c) Observed that the minutes obtained and inspected in a) above either referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

Bank Reconciliations

3. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

4. Using the listing obtained from management in #3 above, selected 4 bank accounts, which represents one-third of the District's bank accounts on a three-year rotating basis. For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and observed that:

- a) Bank reconciliations have been prepared;

Results: No exceptions were found as a result of applying the procedure.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Results: No exceptions were found as a result of applying the procedure.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

Collections

5. Obtained a listing of cash/check/money order (cash) collection locations for the fiscal period and management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

6. Using the listing provided by management in #5 above, selected 1 collection locations, which represents the District's only collection location. For the cash collection location selected:

- a) Determined who is responsible for collecting cash through inquiry with management.

Results: No exceptions were found as a result of applying the procedure.

- b) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) and inspected the documentation obtained to determine that each person responsible for collecting cash, as identified in #6a above, is (1) bonded, or there is sufficient general liability insurance covering each person, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee.

Results: No exceptions were found as a result of applying the procedure.

- c) Obtained existing written documentation (Finance Policy Manual) and observed that the District has a formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections in the cash collection location selected.

Results: No exceptions were found as a result of applying the procedure.

- d) Selected the highest (dollar) week of cash collections from the listing provided by management during the fiscal period and:

- 1) Obtained the District's collection documentation, deposit slips, and bank statements for the cash collection included in the highest (dollar) week, traced daily collections to the deposit date on the corresponding bank statement, and observed that the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at the collection location.

Results: No exceptions were found as a result of applying the procedure.

- 2) Obtained deposit slips, system reports, and check copies, and observed that daily cash collections were supported by documentation.

Results: No exceptions were found as a result of applying the procedure.

- 7. Obtained existing written documentation from management (e.g. policy manual, written procedure) and observed that the written documentation includes a process specifically defined (as identified by management) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: No exceptions were found as a result of applying the procedure.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtained a listing of District disbursements for the fiscal period from management. Obtained management's representation that the listing population is complete.

Results: No exceptions were found as a result of applying the procedure.

9. Using the disbursement population from #8 above, randomly selected 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. Obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined that the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Results: No exceptions were found as a result of applying the procedure.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Results: No exceptions were found as a result of applying the procedure.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: No exceptions were found as a result of applying the procedure.

10. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), observed that the person responsible for processing payments is prohibited from adding vendors to the District's purchasing/disbursement system.

Results: No exceptions were found as a result of applying the procedure.

11. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), observed that the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: No exceptions were found as a result of applying the procedure.

12. Inquired of management and observed that the supply of unused checks is maintained in a locked location, with access restricted to those persons (as identified by management) that do not have signatory authority. Alternately, if the checks are electronically printed on blank check stock, inspected District documentation (electronic system control documentation) and observed that only the persons with signatory authority have system access to print checks.

Results: No exceptions were found as a result of applying the procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) in effect during the fiscal period for all employees/officials, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

15. Using the listing obtained by management in #14 above, randomly selected 3 cards. Obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards for the fiscal period. Selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Results: No exceptions were found as a result of applying the procedure.

b) Observed that no finance charges and/or late fees were assessed on the selected statements.

Results: No exceptions were found as a result of applying the procedure.

16. Using the monthly statements or combined statements selected under #15 above, obtained supporting documentation as follows for all transactions for each of the 3 cards selected.

a) For each transaction, observed that the transaction is supported by:

1) An original itemized receipt (i.e., identifies precisely what was purchased).

Results: No exceptions were found as a result of applying the procedure.

2) Documentation of the business/public purpose, if not evident from the receipt. For meal charges, there should also be documentation of the individuals participating.

Results: No exceptions were found as a result of applying the procedure.

3) If applicable, other documentation that is required by the written policy obtained in #1g above (e.g., purchase order, written authorization.)

Results: No exceptions were found as a result of applying the procedure.

b) For each transaction, compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District's written purchasing/disbursement policies obtained in #1b above and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and determined that the transaction complied with the requirements.

Results: No exceptions were found as a result of applying the procedure.

- c) For each transaction, compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and determined that the transaction complied with the requirements (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

Results: No exceptions were found as a result of applying the procedure.

Travel and Expense Reimbursements

17. Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period. Obtained management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

18. Using the District's written policies related to travel and expense reimbursements obtained in #1h above, compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and determined that no amounts exceeded GSA rates.

Results: No exceptions were found as a result of applying the procedure.

19. Using the listing detail from #17 above, selected the three persons who incurred the most travel costs during the fiscal period. Obtained the expense reimbursement reports or prepaid expense documentation of each selected person for the fiscal period, including the supporting documentation, and chose the largest travel expense for each person to inspect. For each of the three travel expenses selected:

- a) Compared expense documentation to the written policies and observed that each expense was reimbursed or prepaid in accordance with the written policy obtained in #1h above (e.g., rates established for meals, mileage, lodging).

Results: No exceptions were found as a result of applying the procedure.

- b) Observed that each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were found as a result of applying the procedure.

- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Results: No exceptions were found as a result of applying the procedure.

- 3) If applicable, other documentation as required by the written policy obtained in #1h above (e.g., authorization for travel, conference brochure, certificate of attendance).

Results: No exceptions were found as a result of applying the procedure.

- c) Compared the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and determined that the transaction complied with the requirements (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

Results: No exceptions were found as a result of applying the procedure.

- d) Observed that each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedure.

Contracts

- 20. Obtained a listing of all contracts in effect during the fiscal period as well as management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

- 21. Using the listing above, selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to Carr, Riggs & Ingram, LLC). Obtained the related contracts and paid invoices during the fiscal period related to the five vendors selected and:

- a) Observed that there is a formal/written contract that supports the services arrangement and the amount paid.

Results: No exceptions were found as a result of applying the procedure.

- b) Compared each contract's detail to the requirements of Louisiana Public Bid Law. Determined whether each contract is subject to the Louisiana Public Bid and:

- 1) If yes, obtained/compared supporting contract documentation to legal requirements and observed that the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Results: For the five (5) contracts subject to the Louisiana Public Bid Law, no exceptions were found as a result of applying the procedure.

- 2) If no, obtained supporting contract documentation and observed that the District solicited quotes as a best practice.

All of the contracts selected were subject to the Louisiana Public Bid Law; therefore, this procedure is not applicable.

- c) Determined whether the contract was amended. If so, determined the scope and dollar amount of the amendment and observed that the original contract terms contemplated or provided for such an amendment.

Results: No exceptions were found as a result of applying the procedure.

- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms as observed in the contract, and observed that the invoice and related payment complied with the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

- e) Obtained board minutes related to the contract and observed that there is documentation of board approval, as required by the policy obtained in #1f above and state law.

Results: No exceptions were found as a result of applying the procedure.

Payroll and Personnel

- 22. Obtained a listing of employees and elected officials during the fiscal period with their related salaries, and obtained management's representation that the listing is complete. Randomly selected five employees/officials, obtained their personnel files, and:

- a) Determined compensation paid to each employee during the fiscal period and observed that payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure as observed in the employees' employee personnel files.

Results: No exceptions were found as a result of applying the procedure.

- b) Inspected changes made to hourly pay rates/salaries during the fiscal period and observed that those changes were approved in writing and in accordance with the written policy obtained in #1e above.

Results: No exceptions were found as a result of applying the procedure.

- 23. Obtained attendance and leave records for the fiscal period and selected one pay period in which leave has been taken by at least one employee. Within that pay period, selected 25 employees/officials, and:

- a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Results: No exceptions were found as a result of applying the procedure.

- b) Observed that there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Results: No exceptions were found as a result of applying the procedure.

- c) Observed that there is written documentation that the District maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: In one instance, the leave request did not agree with the paid amount.

24. Obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If any termination payments were made during the fiscal year, selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files and if applicable, employment contract for the two employees/officials. Observed that the termination payments were made in strict accordance with the policy obtained in #1e above and/or employment contract and approved by management.

Results: No exceptions were found as a result of applying the procedure.

25. Obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to all payroll taxes and retirement contributions during the fiscal period. Observed that the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines (as identified by management).

Results: No exceptions were found as a result of applying the procedure.

Ethics

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtained ethics compliance documentation from management and observed that the District maintained documentation to demonstrate that required ethics training was completed.

Results: No exceptions were found as a result of applying the procedure.

27. Inquired of management whether any alleged ethics violations were reported to the District during the fiscal period. If applicable, obtained and inspected documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the District's ethics policy obtained in #1i above. If management received allegations, observed that management investigated allegations received, and determined that the allegations were addressed in accordance with the policy obtained in #1i above.

Results: No alleged ethics violations were reported to the District's management during the fiscal period.

Debt Service

28. If debt was issued during the fiscal period, obtained supporting documentation from the District, and observed that State Bond Commission approval was obtained.

Results: No exceptions were found as a result of applying the procedure.

29. If the District had outstanding debt during the fiscal period, obtained supporting documentation from the District and observed that the District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: No exceptions were found as a result of applying the procedure.

30. If the District had tax millages relating to debt service, obtained supporting documentation for the millages levied during the fiscal period and observed that millage collections did not exceed debt service payments by more than 10% during the fiscal period. Also, observed that there are no millages that continue to be received for debt that has been paid off.

Results: This section is not applicable as the District had no millages relating to debt service.

Other

31. Inquired of management whether the District had any misappropriations of public funds or assets during the fiscal period. If so, obtained/inspected supporting documentation and observed that the District reported the misappropriation to the legislative auditor and the district attorney of the District in which the District is domiciled.

Results: There were no misappropriations of public funds or assets during the fiscal period.

32. Observed that the District has posted on its premises and website, the notice required by R.S. 24:523.1.

Results: No exceptions were found as a result of applying the procedure.

33. If the practitioner observed or otherwise identified any exceptions regarding management's representations in the procedures above, reported the nature of each exception.

Results: No exceptions were found regarding management's representations in the procedures above, therefore this procedure is not applicable.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Carly Riggs & Ingram, L.L.C.

June 29, 2018

June 29, 2018

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
Downtown Development District of the City of New Orleans

Dear Sirs:

Downtown Development District will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,


Kurt M. Weigle
President & CEO